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April 14, 2004

RECEIVED

Marlene Dortch
Secretary
Federal Communications Commission
445 12 St , S W.
Washington, D C. 20554

APR 14 2004

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

**Re: Ex Parte, Implementation of the Pay Telephone Reclassification and
Compensation Provisions of the Telecommunications Act of 1996, CC Docket
No. 96-128.**

Dear Ms. Dortch:

Yesterday, Larry Fenster and Dianne Moore representing AT&T met with Denise Coca, Darryl Cooper and William Dever of the Wireline Competition Bureau to discuss Payphone Compensation issues in the above referenced docket. The attachment identifies the issues we discussed.

Sincerely,

Larry Fenster

cc: Denise Coca
Darryl Cooper
William Dever

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MCI
Ex Parte Presentation, CC Docket No. 96-128
April 13, 2004

**APCC's Additional Data Requests Will Not Resolve PSP Fears
Of Being Undercompensated By SBRs,
But Will Require Nearly Every Compensating Carrier To Redesign Their
Payphone Compensation Systems And
Substantially Increase Overheads, Storage Capacity, and Processing Time**

- I. FCC Should Reject APCC's Requests For Additional Data
 - Requested data will not provide PSPs complete certainty, and will only add significant, unnecessary, costs on many Completing Carriers.
 - New rules have established procedures to ensure SBRs accurately track, compensate, and are able to resolve disputes.
 - APCC's request will make it too expensive for many SBRs who intended to undergo a system attestation
 - FCC should trust the attestation, new reporting requirements, and presence of dispute resolution procedures to improve PSP expectations of direct payments from SBRs.
 - If there are bad actors, PSPs should initiate enforcement complaints, rather than impose costs on the entire industry that will be of little value to PSPs.
- II Incomplete Payphone Call Data From Completing Carrier Will Not Solve Problem of Inadequate Implementation of Flex ANI by LEC
 - If Flex ANI is inadequately implemented, SBR would undercount compensable calls.
 - Incomplete payphone call would show maximum possible compensation.
 - Will not allow exact determination of appropriate compensation.
- III. Providing Incomplete General Call Data (Payphone & Non-Payphone) Matched Against Payphone ANIs Would Avoid Flex ANI Disputes, But Would Require Most Carriers To Completely Modify Payphone Compensation Systems, And Strand LEC Flex ANI Investments
 - Carriers have relied upon Flex ANI to build payphone compensation systems.
 - MCI spent several millions of dollars developing its Flex ANI-based system in 1997
 - LECs have spent years upgrading switches to implement Flex ANI.
 - MCI will spend substantial sums on attestation, and implementing new reporting rules
 - Special studies can be performed to settle disputes

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- IV. FCC Should Reject APCC's Request To Compensate Platform Activity
 - Would remove some of the gap between calls sent and compensated calls
 - But conflicts with FCC's definition of completed call
 - Would require major modifications of prepaid platforms to track platform activity

- V FCC Should Reject Request For Duration Reporting
 - Duration Data Will Not Help Account For Gap Between Calls Sent To SBRs And Calls Compensated By Them
 - PSPs with smart phones already have duration data by called number, and can match this with data provided by Intermediate Carrier on called number by SBR
 - Additional development, storage, and reporting expense not justified by possible benefit
 - Special studies can be performed to settle disputes

- VI FCC Should Adopt AT&T's Proposal Pertaining To Unaudited SBRs
 - Would drastically reduce negotiating time and expense for PSPs and SBRs
 - Would improve certainty and amount of PSP compensation